

**BEFORE THE  
U.S. DEPARTMENT OF TRANSPORTATION**

**Joint Application of**

**DELTA AIR LINES, INC.**

**and**

**LATAM AIRLINES GROUP S.A., et al.**

**Under 49 U.S.C. §§ 41308 and 41309  
For Approval of and Antitrust Immunity for  
Alliance Agreements**

**Docket DOT-OST-2020-0105**

**ANSWER OF THE DELTA MASTER EXECUTIVE COUNCIL OF  
THE AIR LINE PILOTS ASSOCIATION, INTL**

Delta Master Executive Council,  
Air Line Pilots Association, International

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January 25, 2022

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On behalf of the more than 13,000 pilots who fly for Delta Air Lines, Inc., the Air Line Pilots Association, International’s Delta Master Executive Council (“MEC”) files this Answer to the Joint Application<sup>1</sup> of Delta and LATAM (“Joint Applicants”) for approval of and antitrust immunity (“ATI”) for their proposed joint venture (the “JV”).<sup>2</sup>

If the proposed JV is ultimately implemented in a manner consistent with the planning documents produced by the Joint Applicants in this proceeding, it appears that Delta would receive fair and equitable share of JV flying and growth in JV markets, resulting in increased job and career opportunities for Delta pilots and other Delta employees. However, while the proposed JV has potential to promote good U.S. aviation jobs and allocate a fair share of JV flying and growth to U.S. carriers and their employees, the arrangement is also susceptible to

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<sup>1</sup> Common names are used for carriers.

<sup>2</sup> Delta Air Lines, Inc. and LATAM Joint Application for Antitrust Immunity for Alliance Agreements, DOT OST 2020-0105-0001 (July 8, 2020) (“Joint Application”).

potential labor arbitrage and the outsourcing of U.S. flying to a foreign carrier. Specifically, critical characteristics of the JV and other arrangements between Delta and LATAM—including the profit-sharing nature of the JV agreement, the labor cost differential between the two carriers, the finances of the Joint Applicants’ codeshare relationships in JV markets, and Delta’s equity stake in LATAM, among other factors—create financial and business incentives for labor arbitrage, outsourcing of existing Delta flying, and inequitable allocation of JV growth to a foreign carrier. Those incentives are further complicated by potential relationships between LATAM and other foreign carriers with which Delta hold an equity stake or maintains an immunized alliance. Given those indicia of risk, the MEC can only support approval of the proposed JV if that approval is subject to conditions that ensure the immunized alliance is implemented in a manner consistent with the Department’s public interest objectives.

Specifically, consistent with the Department’s orders in the Blue Skies and Delta-WestJet joint venture proceedings, the MEC requests that the Department require annual reporting on the allocations of flying and growth within the JV, as well as the impacts of the JV on U.S. aviation jobs. The MEC also requests that the Joint Applicants provide ongoing timely reporting of subsequent developments related to the JV, its implementation or incentives, and/or the relationship between the Joint Applicants. The MEC further asks that these reports be made available to the labor parties and other interested parties for review, subject to DOT’s standard Rule 12 confidentiality procedures.

**A. The U.S. has a national interest in maintaining a robust U.S. aviation sector and protecting and growing jobs for U.S. aviation workers.**

The Department’s two-step analysis to review an application for antitrust immunity involves both a (i) “competitive effects analysis” and (ii) “public benefits analysis” under 49 U.S.C. §§ 41308 and 401309, respectively. In conducting its public interest analysis, the

Department's policy is to strengthen the competitive position of U.S. air carriers relative to foreign air carriers, and to encourage fair wages and working conditions. 49 U.S.C.

§§ 40101(a)(5), (a)(15), and (e)(1). Specifically, the U.S. has a vested national interest supporting and maintaining a robust U.S. aviation sector, and in preserving and growing in high quality U.S. aviation jobs. The strength of that national interest is further underscored by the extensive federal investment in the U.S. airline industry made through the CARES Act, and its subsequent iterations.

When joint venture partners share equally in the growth enabled by an immunized alliance, they can protect, enhance, and grow U.S. aviation jobs and careers, thus promoting the Department's public interest objectives.

Despite these potential benefits, JVs also have the potential to enable outsourcing and labor arbitrage in manner contrary to the public interest because a joint venture significantly reduces the partners' incentives to operate their own flights. As the Joint Applicants here have explained:

The JVA provides for sharing of incremental profits and losses, and is structured to make the JV Partners indifferent as to which airline's aircraft operates any particular JV route, since they will share incremental profits and losses derived from the services offered on such routes; in other words, "metal-neutral".

Joint Application at 7.<sup>3</sup>

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<sup>3</sup> The abrupt severance of American Airlines' relationship with LATAM offers a telling illustration of how international alliances factor into U.S. carrier decision-making about whether and where to expand their own operational service offerings. As reported in the Miami Herald, "just days after Chile-based LATAM, Latin America's largest airline, ditched its partnership with American in favor of a deal with Delta airlines," American announced expanded service offerings from Miami to Latin America in 2020. Specifically, American announced that it would be adding new daily flights on three existing routes to Lima, Peru, Santiago, Chile, and Sao Paulo, Brazil. Taylor Dolven, *American Airlines plans to expand service to Latin America in 2020*, Miami Herald (Sept. 30, 2019), <https://www.miamiherald.com/news/business/tourism-cruises/article235621262.html> (last visited Dec. 10, 2019).

However, those objectives are not served by a joint venture that fails to equitably allocate new and existing flying among partner carriers<sup>4</sup> and effectively enables the outsourcing of U.S. aviation jobs to a foreign partner.<sup>5</sup> There are indications that, to the extent that Delta's past use of immunized alliances has displaced organic widebody growth, that result may not have been an aberration, but rather part of a deliberate business strategy. As Delta's former CFO, Paul Jacobson, explained at an investor's conference in 2019:

Through the alliance network, our joint ventures, which are unique in the industry, what we are able to do is really broaden that network internationally and globally with a much more effective return on invested capital formula than it would be for us to buy widebody airplanes and go out and grow that organically. And you see that with investments in Virgin Atlantic, you see that with investments in Aeroméxico, the most recent investment we made with Korean; as well as the announcement that is pending regulatory approval of a new partnership and a 20% interest in LATAM in South and Latin America.<sup>6</sup>

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<sup>4</sup> In the context of Delta's initial immunized joint venture with Virgin Atlantic, Virgin's total block hours in 2018 between the United States and the United Kingdom increased 33% over those flown in 2013, while Delta's US-UK block hours have increased by just 2%. Virgin's total scheduled frequencies between the U.S. and London Heathrow (LHR) operations grew from 8,174 frequencies in 2013 to 11,453 frequencies in 2018, while Delta's total increased only marginally from 6,341 to 6,492 in the same years. From July 2012 to July 2018, the total number of Virgin LHR-JFK flights increased from three to six, while the total number of Delta's LHR-JFK frequencies decreased from three to two. *See* Comment of the Delta Master Executive Council, DOT 2013-0068-0077 (Aug. 16, 2019), at 4-6.

<sup>5</sup> Elsewhere, Delta has calculated that every daily international roundtrip flying lost by a U.S. carrier due to route displacement by a foreign carrier equates to a net loss of more than 1,500 U.S. jobs. Partnership for Open & Fair Skies, *Subsidized Expansion by Qatar, Etihad and Emirates Threatens US Airline Jobs*, <http://www.openandfairskies.com> (last visited Dec. 10, 2019).

<sup>6</sup> Paul Jacobson, *Delta Air Lines*, Baird 2019 Global Industrial Conference, at 8:12-9:17 (Nov. 7, 2019), <http://wsn.com/webcast/baird57/dal/index.aspx> (last visited Apr. 6, 2021). *See also* Delta Air Lines, Inc., 2020 Form 10-K (Feb. 12, 2021), at 4-5 ("Delta 2020 10-K"), <https://ir.delta.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=14706066> (last visited Jan. 24, 2022).

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Accordingly, when evaluating whether a grant of ATI would be consistent with the public interest in a particular case, the Department should consider both the evidence of how the carriers currently plan to implement the JV, as well as the JV structure and incentives that impact how the parties will use ATI if and when it is granted. The risk that a U.S. carrier may misuse the JV mechanism to outsource flying to a foreign carrier is particularly acute where cost-saving or profit-maximizing incentives undermine the benefits of organic widebody growth, or where the U.S. carrier has an economic stake in the success or growth of the foreign carrier. Elements that can impact or diminish financial incentives to maintain or expand U.S.-operated service include, among other factors: profit-driven network planning, significant labor cost differentials, high codeshare commissions, equity and ownership stakes, and arrangements with other equity or JV partners. *See* Order 2021-5-15, DOT-OST-0105-0020 (May 25, 2021), Attachment 1 at 15-17. Accordingly, notwithstanding assurances from the Joint Applicants, where such risk-factors exist, it is appropriate for the DOT to impose conditions to monitor and ensure that a JV will be implemented in a manner consistent with the public interest.

The imposition of reporting and oversight conditions under these circumstances is consistent with and supported by DOT precedent. The Department has recognized that the public has a reasonable interest in knowing how a joint venture impacts U.S. aviation jobs and the balance of flying and growth opportunities for U.S. carriers in joint venture markets. *See* Order 2019-11-14, DOT-OST-2013-0068 (Nov. 21, 2019), (“Blue Skies Order”), at 10, 12; Order 2020-10-13, DOT-OST-2018-0154-0049 (Oct. 23, 2020) (“Delta-WestJet Show Cause Order”), at 4-5, 34. Specifically, as a condition of approving and granting antitrust immunity in the “Blue

Skies” proceeding involving Delta, Virgin Atlantic, Air France, and KLM, the carriers were ordered to provide both annual reports on JV implementation and a detailed self-assessment at the JV’s five-year anniversary regarding the JV’s allocation of flying and growth, and well as its impact on U.S. aviation jobs. Blue Skies Order at 10, 12 (¶ 1.b.). Similarly, in its order tentatively approving and granting ATI to a proposed joint venture between Delta and WestJet, the Department included conditions requiring that the partners’ annual reports specifically address the JV’s impacts aviation jobs and the relative amount of flying and growth undertaken by each party to the alliance. Delta-WestJet Show Cause Order at 3, 34.<sup>7</sup>

As explained below, although the Joint Applicant’s current plans for JV implementation appear to be consistent with the public interest, *infra* Part B, the structure and incentives of the JV make the arrangement susceptible to labor arbitrage and outsourcing. *Infra* Part C. Accordingly, the MEC cannot support approval of the proposed Joint Venture unless the DOT imposes reporting and oversight conditions that mitigate those risks, as described *infra* Part D.

**B. If implemented as planed by the Joint Applicants, the proposed JV would be consistent with the public interest.**

If the JV were in fact implemented in a manner consistent with the planning documents produced in this proceeding, it appears that Delta would receive fair and equitable share of JV flying and growth in JV markets, resulting in increased job and career opportunities for Delta pilots and other Delta employees. Specifically, the record evidence appears to support the following:

**1. The Joint Applicants’ network plans appear to equitably allocate JV flying and growth between the carriers.**

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<sup>7</sup> The carriers ultimately moved to withdraw their application and Department did not finalize the Delta-WestJet Show Cause Order. Order 2020-12-17, DOT-OST-2018-O0154-0064 (Dec. 21, 2020), at 2.

The Joint Applicants assert that an immunized Delta-LATAM alliance would result in “[a]t least nine new nonstop U.S.-South America routes incremental to the pre-COVID-19 baseline,” as well as additional frequencies or enhanced service on at least nine existing non-stop routes. Joint Response to DOT Order 2021-5-15 Requesting Additional Information (Aug. 8, 2021), DAL-DOT-RFI\_00000168 (“RFI Response”), at 59. With respect to the allocation of JV flying and growth between carriers, REDACTED

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**2. The Joint Applicants’ widebody fleet plans are consistent with an equitable allocation of flying and growth on long-haul flights.**

As explained by the Joint Applicants, Delta’s fleet and network teams have aligned “updated Widebody Target counts to supply expected international growth in the coming years.” RFI Response at 41. REDACTED

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Furthermore, Delta’s widebody fleet outlook through 2026 indicates REDACTED

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LATAM’s five-year widebody passenger fleet plan REDACTED

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appears consistent with the U.S. carrier receiving a fair share of the widebody growth generated by the JV.



If the above plans are in fact borne out in practice, the proposed JV could support the Department's public interest objectives of promoting fair wages and working conditions and strengthening the competitive position of U.S. carriers relative to foreign carriers. Critically, however, such plans are non-binding on the Joint Applicants and subject to change without notice. Thus, absent conditions imposing transparency and accountability, such forward-looking projections are an insufficient basis on which to conclude that ATI would be applied in a manner consistent with the public interest.

**C. The proposed Delta-LATAM JV carries a heightened risk of labor arbitrage and inequitable allocations of JV flying and growth.**

To fairly and fully evaluate the public interest implications of the proposed JV, it is critical to examine the extent to which the proposed JV arrangement may incentivize or be susceptible to labor arbitrage or the outsourcing or displacement of U.S. carrier capacity. Critically, here, the operative financial incentives and disincentives within the proposed JV are determined not just by the terms of the JV's implementing agreements, but by the full scope of the commercial and financial ties between the parties. Thus, a comprehensive assessment of the Joint Applicants' current and planned commercial arrangements and investments is important to understanding how the proposed JV may promote or deter expansion of Delta's widebody flying, acquisition of new widebody aircraft, or associated U.S. aviation jobs.

**1. JV Structure and Finances.**

The proposed JV provides for Delta and LATAM to coordinate routes, schedules, and prices on nonstop flights operated between the U.S./Canada and the South America Region, and share incremental profits on those JV routes. Joint Application, Appendix 2 at 2. Under the JV, decisions on capacity and network planning, including the allocation of that capacity between the carriers, are subject to consensus decision-making. *Id.*, Appendix 2 at 6. REDACTED

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As discussed above, the JV is specifically designed to be “metal neutral” and eliminate “preference [for] a JV Partner’s own operated flights.” *Id.*, Appendix 2 at 2. Moreover, as a profit-sharing agreement, rather than a revenue-sharing agreement, the JV incentivizes the parties to allocate flying between JV partners in a manner that maximizes incremental profit.

Together, these elements diminish Delta’s incentive and ability to expand its own service offerings relative in JV markets, and enable and facilitate reliance on LATAM-operated flying.

## **2. Labor cost disparities and margin planning.**

Unlike Delta, “LATAM does not have collective bargaining agreements” that apply or could apply to the proposed JV and is not “planning to enter into agreements with labor organizations as a consequence of its relationship with Delta.” RFI Response at 88. Moreover, the comparative labor costs between Delta and LATAM differ markedly. As the Joint Applicants have explained, “Regional Differences in cost of living, purchasing power parity, and wage structures frequently result in labor cost categories having the biggest unit cost labor differential between Delta and partner carriers.” *Id.* This disparity is particularly pronounced in the case of LATAM, which is based in South American countries that generally have substantially lower aviation-related wages and benefits.

Although the JV contains a mechanism that limits the shareable aggregate incremental labor costs on growth capacity for the purposes of calculating incremental profits and losses for the purposes of JV settlement, the cap does not apply to existing JV capacity.

Nor does the settlement labor cost cap mitigate the impact of wage disparity when it comes to Delta's interest in maximizing actual margins on JV routes. *Id.* REDACTED

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As such, the proposed Delta-LATAM joint venture is particularly susceptible to labor arbitrage. REDACTED

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### 3. Codeshare Arrangements.

The JV provides for reciprocal codesharing between the Joint Applicants, the terms of which are set forth in separate codeshare agreements. Notably, these agreements provide for the non-operating carrier to receive a RE codeshare commission on REDACTED

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Accordingly, the nature of Delta's codeshare arrangements with LATAM creates further cause for concern about the outsourcing of Delta flying should the Joint Applicants receive immunity to coordinate on routes and services.

#### **4. Investments and Equity Stakes.**

As Delta has explained its equity stake in LATAM is not incidental to the proposed JV, but rather part of its strategy to expand its international networks via alliances with and investments in foreign carriers—an approach it has described as a higher yield alternative to expanding Delta's own widebody international service offerings.<sup>8</sup> Specifically, pursuant to the framework agreement establishing the strategic alliance with LATAM, Delta acquired a 20%

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<sup>8</sup> See Jacobson, *supra* n. 6; Delta 2020 10-K at 4.

equity stake in LATAM in January 2020 for \$1.9 billion—its largest investment since merging with Northwest Airlines in 2008<sup>9</sup>—and agreed to make transition payments to LATAM totaling \$350 million.<sup>10</sup> Delta issued \$1.5 billion in unsecured notes to cover its equity purchase.<sup>11</sup>

In mid-2020, LATAM entered bankruptcy restructuring, and Delta subsequently reduced the carrying value of its investment to zero.<sup>12</sup> Delta continued to carry the debt issued to finance the LATAM equity acquisition.

In December 2021, Delta announced that it would be investing an additional \$1.2 billion in total in Virgin Atlantic, Aeromexico, and LATAM as each of those carriers emerges from restructuring or recapitalization.<sup>13</sup> Although Delta did not specify the dollar amount it intends to allocate to LATAM, it indicated that it “is targeting” a 10% equity stake in its proposed JV partner. *Id.*

Where Delta has a significant equity stake in a foreign partner—as it previously had in LATAM and intends to have again—it has a vested interest in the economic success of that partner carrier. *See* Delta 2020 10-K at 33 (explaining that Delta’s total no-operating expenses

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<sup>9</sup> Spain’s News, *Delta buys 20% of LATAM for 1.9 billion dollars*, <https://spainsnews.com/delta-buys-20-of-latam-for-1-9-billion-dollars/> (last visited Jan. 25, 2022).

<sup>10</sup> Delta 2020 10-K at 4-5, 39.

<sup>11</sup> Delta Air Lines, Inc., 2019 Form 10-k (2020), at 39 (“In October 2019 we issued \$1.5 billion in aggregate principal amount of unsecured notes, consisting of \$900 million of 2.9% Notes due 2024 and \$600 million of 3.75% Notes due 2029 (collectively, the “Notes”). We used the net proceeds from the offering of these Notes to fund a portion of the tender offer to acquire common shares of LATAM in January 2020.”), <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000027904/1fe7420e-4781-437f-92c3-08991a2d6695.pdf> (last visited Jan. 25, 2022).

<sup>12</sup> Delta Air Lines, Inc., Form 10-Q (Sept. 30, 2021), at 11 (“Delta 3Q 2021 10-Q”), [https://s2.q4cdn.com/181345880/files/doc\\_financials/2021/q3/DAL-9.30.2021-10Q.pdf](https://s2.q4cdn.com/181345880/files/doc_financials/2021/q3/DAL-9.30.2021-10Q.pdf) (last visited Jan. 24, 2022).

<sup>13</sup> Delta News Hub, *Delta fortifies global partner strategy* (Dec. 13, 2021), <https://news.delta.com/delta-fortifies-global-partner-strategy> (last visited Jan. 24, 2022).

were \$2.7 billion higher in 2020 than the prior year “primarily resulting from impairments and our proportionate share of equity method losses related to our investments in LATAM, Grupo Aeromexico and Virgin Atlantic, and higher interest expense as a result of our increased debt balances due to the financing arrangements entered into during 2020”). Here, that effect is compounded because Delta already has \$1.9 billion in sunk costs invested in LATAM, as well as an associated \$1.5 billion in debt incurred to finance that investment. Accordingly, as the Joint Applicants engage in consensus capacity and growth allocation on JV routes, there is the potential for such decision-making to be influenced by a Delta’s financial interest in LATAM’s success and growth.

Relatedly, Delta’s ownership stake in LATAM also has multiplier effect on the economics of the JV and codeshare arrangements, because it gives Delta a share the benefits that accrue to LATAM from the JV settlement allocation or codeshare pro-rate payments.

### **5. Potential Arrangements with Third-Country Carriers.**

As of February 2021, Delta maintained equity stakes in numerous foreign carriers other than LATAM, including Aeroméxico (51%), Virgin Atlantic (49%), Air France/KLM (9%), Korean Air (13%), and China Eastern (3%), and currently has immunized profit-sharing joint ventures with Aeroméxico, Virgin Atlantic/Air France/KLM, and Korean Air.<sup>14</sup> The Joint Applicants assert that “LATAM is not a party” to any immunized alliances with Delta’s JV or equity partners, moreover that “[t]hese arrangements are not part of the JV” and “will not affect the JV.” RFI Response at 89-90. However, given Delta’s significant equity investments and JV agreements with third-country airlines and the ATI duration requested by the Joint Applicants, there is nevertheless reason to suspect that this status quo may evolve over time—further

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<sup>14</sup> See Delta 2020 10-K at 5.

reducing Delta's financial incentives to maintain and expand its own service in JV markets.

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In particular, the potential for commercial relationships between LATAM and Delta's other foreign partners also creates troubling possibility that the proposed immunized alliance may serve to divert traffic from Delta aircraft and U.S. hubs onto other equity and JV partner aircraft, perhaps bypassing U.S. carriers and U.S. airports entirely. This reality is confirmed by past Delta's marketing and sale of multi-segment international itineraries operated exclusively by its JV/equity partners; for example, Delta-ticketed itineraries in which a U.K.-U.S. flight operated Virgin Atlantic connects to a U.S.-Mexico flight operated by Aeroméxico. RE

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Accordingly, ongoing monitoring of developments arrangements between LATAM and Delta's other third-country alliance or equity partners is therefore also necessary to fully and fairly evaluate the Joint Applicants' financial incentives within an immunized Delta-LATAM alliance. *See* Order 2021-5-15, Attachment 1 at 15.

**D. Conditions are necessary to safeguard and promote the public interest.**

As shown above, the record appears to indicate that the Joint Applicants plan to implement the proposed JV in a manner that builds back Delta capacity lost due to COVID, provides for an equitable allocation of long-haul JV flying between the parties, and will promote the growth of good U.S. aviation jobs at Delta. If the proposed JV is implemented in a manner consistent with the Joint Applicant's representations and the supporting documents, approval of the JV and a grant of ATI would in fact promote the Department's statutory public interest objectives of promoting fair wages and working conditions and strengthening the competitive position of U.S. carriers relative to foreign carriers. However, ongoing monitoring and oversight conditions are necessary to ensure that the JV in fact benefits U.S. aviation capacity and U.S. aviation employees, consistent with the public interest.

**1. DOT should require annual reporting on the balance of flying and job impacts, subject to confidential review under Rule 12 procedures.**

Consistent with the Department's statutory objectives, the MEC therefore respectfully urges the Department to impose reporting and oversight conditions analogous to those set forth

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in the Blue Skies Order and the Delta-WestJet Show Cause Order. Specifically, the MEC asks the Department to require the Joint Applicants to include in their annual progress reports to the Director of the Office of Aviation Analysis information and data on (1) the impact of the JV on the relative amounts of flying and growth in JV markets undertaken by each party to the alliance, and (2) the impact of the JV on U.S. aviation jobs and career opportunities. *See* Blue Skies Order at 10, 12 (¶ 1.b.); Delta-WestJet Show Cause Order at 34. Such reporting should quantitatively document the JV's impact on U.S. labor and U.S. carrier operations in U.S.-South America markets, including through calculation of frequencies, block hours, and ASMs generated by Delta under the joint venture, Delta's joint venture operations and capacity relative to LATAM, and Delta's absolute and relative share of incremental flying opportunities realized under the joint venture.

The purpose of the above monitoring and oversight conditions would be seriously impaired if the most directly impacted parties—specifically including the pilots who operate joint venture services and evaluate the impact of those alliances on pilot careers—are not privy to them. The MEC therefore asks that those annual reports also be made available to interested parties, including the MEC, subject to the Department's standard Rule 12 confidentiality procedures. Such access is necessary to provide the Labor Parties and other interested parties with adequate notice to timely identify and correct deficiencies or harms to U.S. aviation interests, and ensure that ensuring that the promised benefits of the JV are in fact realized.<sup>17</sup>

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<sup>17</sup> There is no principled basis for withholding Rule 12 access to the ATI progress reports, which contain information identical in scope and character to the confidential information the Joint Applicants have already produced in support of their Joint Application. Rule 12, which grants access only to counsel and outside experts, has repeatedly proven effective in allowing labor and other interested parties to fully participate in this and numerous other ATI proceedings, while limiting the risk of competitive harm." Such Rule 12 access will likewise be adequate to protect the Joint Applicants interests' as to the ATI progress reports.

**2. DOT should require ongoing reporting of developments related to the JV, its implementation or incentives, and the Joint Applicants' relationship.**

The annual reporting condition requested above is intended to address and mitigate the potential risks associated with the proposed JV on the facts currently before the Department and included in the record. Subsequent developments and changed circumstances, however, may alter the risk calculus, or create new risks not adequately addressed by the annual reporting requirement as currently contemplated. Accordingly, consistent with “the Department’s perpetual authority to reexamine ATI grants at any time should circumstances warrant doing so,” Joint Application, Appendix 2 at 7, the MEC asks the Department to require ongoing reporting related to the JV, its implementation and incentives, and/or the relationship between the Joint Applicants. Developments subject to reporting include, but are not limited to:

- New or amended agreements or arrangements between the Joint Applicants, such as JV, codeshare, prorate, finance, and purchase agreements.
- Changes in Delta’s equity ownership stake in LATAM.
- New or amended agreements or arrangements between LATAM and other foreign carriers in which Delta has an ownership stake or immunized alliance.
- Merger, acquisition, bankruptcy or restructuring of a JV partner.
- Delta furloughs or reductions in force.

Furthermore, consistent with transparency and accountability purpose of such ongoing reporting, the MEC asks that those reports likewise be made available to interested parties, including the MEC, subject to Rule 12 confidentiality procedures.

**CONCLUSION**

For the reasons set forth above, the Delta MEC asks the DOT to approve the proposed joint venture subject to additional conditions necessary to ensure that Delta-operated services and U.S. aviation workers do in fact realize the promised benefits of the proposed JV.

Respectfully submitted,

/s/ Evin F. Isaacson

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On behalf of the Delta Master Executive Council  
Air Line Pilots Association, Intl

January 25, 2022

**CERTIFICATE OF SERVICE**

I hereby certify that on January 25, 2022, the foregoing document was served on the following persons via the email addresses listed below in accordance with the Department's

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Answer of the Delta MEC

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